

ITEL

June 8, 1988

1 5691

Itel Rail Corporation

RECORDATION NO. _____ FILED 1425

55 Francisco Street
San Francisco, California 94133
(415) 984-4000

JUN 16 1988 12 15 PM

Hon. Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, DC 20423

INTERSTATE COMMERCE COMMISSION

1 5691A

Date 6/16/88
Fee \$26.00

JUN 16 1988 12 15 PM

ICC Washington, D.C.

Re: Master Lease No. 2205 dated May 18, 1988, between Itel Rail Corporation, Itel Railcar Corporation and KNRECO, Inc.

INTERSTATE COMMERCE COMMISSION

Dear Ms. McGee:

On behalf of Itel Rail Corporation, the above instrument, in four (4) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$13 recordation fee.

Please record this Master Lease under a new recordation number.

The parties to the aforementioned instrument are listed below:

Itel Rail Corporation and
Itel Railcar Corporation (Lessor)
55 Francisco Street
San Francisco, California 94133

KNRECO, Inc.
117 S. Water Street
Keokuk, Iowa 526342

This Master Lease covers forty (40) 4,780 cubic foot, 100-ton covered hopper cars bearing reporting marks (LO) KJRY 531-646 (n.s.).

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the ICC fee receipt and acknowledgment letter.

Very truly yours,

Patricia Schumacker

Patricia Schumacker
Legal Department

PS:
Enclosures

ITEL

RECORDED 5691-1
Filing Date

Itel Rail Corporation

June 8, 1988

JUN 16 1988 12 15 PM

55 Francisco Street
San Francisco, California 94133
(415) 984-4000

INTERSTATE COMMERCE COMMISSION

Hon. Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, DC 20423

Date 6/16/88
Fee 13
ICC Washington, D. C.

Re: Schedule No. 1 to Master Lease No. 2205 dated May 18, 1988,
between Itel Rail Corporation, Itel Railcar Corporation and
KNRECO, Inc.

Dear Ms. McGee:

On behalf of Itel Rail Corporation, the above instrument, in four (4) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$13 recordation fee.

Please record this Schedule No. 1 under Master Lease No. 2205, between Itel Rail Corporation, Itel Railcar Corporation and KNRECO, Inc, which is being filed simultaneously this date.

The parties to the aforementioned instrument are listed below:

Itel Rail Corporation and
Itel Railcar Corporation (Lessor)
55 Francisco Street
San Francisco, California 94133

KNRECO, Inc.
117 S. Water Street
Keokuk, Iowa 526342

This Master Lease covers forty (40) 4,780 cubic foot, 100-ton covered hopper cars bearing reporting marks (LO) KJRY 531-646 (n.s.).

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the ICC fee receipt and acknowledgment letter.

Very truly yours,

Patricia Schumacker

Patricia Schumacker
Legal Department

PS:
Enclosures

JUN 16 1988-12 15 PM

LOT 2205-01

5/11/88

INTERSTATE COMMERCE COMMISSION

SCHEDULE NO. 1 TO MASTER LEASE NO. 2205-00

THIS SCHEDULE No. 1 ("Schedule") to that certain Lease Agreement, (the "Agreement") made as of May 18, 1988 between ITEL RAIL CORPORATION and ITEL RAILCAR CORPORATION, severally, as lessors, and KNRECO, INC., as lessee ("Lessee") is made this 18th day of May, 1988, between ITEL RAILCAR CORPORATION ("Lessor") and Lessee.

Lessor and Lessee agree as follows:

1. All terms defined in the Agreement shall have the meanings defined therein when used in Schedule No. 1.
2. Lessor hereby leases the following Cars to Lessee subject to the terms and conditions of this Agreement and this Schedule:

AAR Mech. Design.	Description	Reporting Marks and Numbers	Length	Dimensions Inside Width	Height	Door Width	Number of Cars
LO	4,780 cu ft. 100-ton covered hoppers	KJRY	54'1"	10'	--	--	40

3. Effective as of the full execution of this Schedule ("Commencement Date"), the terms of this Schedule No. 1 shall supersede the terms of the Lease dated as of August 19, 1981, between Evans Railcar Leasing Company, Lessor's predecessor in interest, and Lessee with respect only to the Cars listed in Exhibit A attached hereto.
4. The term of the Agreement with respect to each Car described in this Schedule shall commence at 12 noon on the Commencement date and shall continue as to all of the Cars described in this Schedule through and including five (5) years from such Commencement Date ("Term").
5. Lessor shall perform or cause to be performed and pay for all costs and expenses associated with the maintenance of the Cars described in this Schedule, except as set forth in Section 5 of the Agreement. Lessee may perform running repairs to those parts of the Cars specified in Exhibit B attached hereto. Subsection 5.A. of the Agreement shall not apply with respect to such Cars.
6. Lessor agrees to reimburse Lessee, within thirty (30) days from Lessor's receipt of the receipted copy of the paid tax bill, for all taxes actually paid in cash by the Lessee resulting from: 1) ad valorem tax assessments on the Cars; and 2) any assessment, levy or impost relating to each Car, the Agreement or the delivery of the cars which remained unpaid as of the date of the delivery of the Cars to Lessee or which are assessed, levied or imposed during the term of this Agreement, except

taxes on income imposed on Lessee, gross receipts or sales or use tax imposed on the mileage charges and car hire revenue or sale or lease of the Cars. Lessor and Lessee will comply with all state and local laws requiring filing of ad valorem returns associated with the Cars. Notwithstanding any portion of this Section, Lessor shall not be responsible for penalty or interest assessments resulting from Lessee's failure to comply with any regulation or statute of any taxing or assessing authority. Lessee shall forward to Lessor upon receipt all correspondence, notifications of proposed tax assessments and tax bills associated with any tax reimbursable to Lessor. Lessor may, in good faith and by appropriate proceedings, contest any assessment, notification of assessment or tax bill. Lessor shall assume full responsibility for all expenses, including legal fees, resulting from such contest.

7. Rent

A. Definitions

(i) "Revenues" is defined as the total revenues that are earned or due for the use and handling of the Cars on all railroad lines other than Lessee's lines, including, but not limited to, per diem and mileage, whether or not collected and received by Lessor and undiminished by any claimed abatement, reduction or offset caused by any action or failure of Lessee.

(ii)

("Month") during the Term. The Fixed Rent for any Car which

day. The Fixed Rent for each Car shall be calculated by

Schedule is fully executed is termed the "Original Labor Rate." The prevailing labor rate in effect on each January 1 subsequent to the date that the Original Labor Rate is established will be referred to as the "Current Labor Rate." If the Current Labor Rate increases in any year over the Original Labor Rate, the service factor may be adjusted to an amount not to exceed the product obtained by multiplying the service factor by a fraction, the numerator of which is the Current Labor Rate and the denominator of which is the Original Labor Rate. If such adjustment is made, the per Car rental shall be revised to be the sum of the constant factor and the adjusted service factor. Any such adjustment shall be instituted by notice from Lessor to Lessee and shall take effect with respect to rents coming due subsequent to the date of notice.

- B. Lessee agrees to pay the following rent to Lessor for the use of the Cars:

(i)

Revenues.

(ii)

(iii)

- C. Upon any abatement, reduction or offset as described in Subsection 7.A. (i), Lessee shall, within ten (10) days of Lessor's request, reimburse Lessor for such amounts.

- D. Lessor shall, prior to making the calculations required in Section 7, retain the Revenues and other payments received by it on behalf of Lessee. Within five (5) months after the end of each Quarter, Lessor shall calculate the amount due both parties pursuant to this Section. Amounts payable pursuant to the preceding sentence shall be paid promptly following such calculation, provided, however, that, within five (5) months after the end of each calendar year, a final calculation shall be made and any amount paid to either party in excess of the required amount shall be refunded to the appropriate party within twenty(20) days of such final calculation.

- E. Rental payments on any Car out of service for repair work which is Lessor's responsibility under Section 5 hereof shall abate from the fifth day after such Car has been placed in a repair shop for service until such Car is delivered to Lessee, to a railroad for the account of Lessee, or is otherwise ready for or is returned to service by Lessee. In the event rental is abated, then if Lessor elects and notwithstanding anything contained in Section 2 of the Agreement to the contrary, the original term of the Agreement with respect to the Car shall be extended for the period of time determined by dividing the sum of the number of days per Car with respect to which rental was so abated by the number of Cars subject to this Schedule on what would otherwise have been the last day of the original term.

8. Neither party shall be liable for nonperformance or delay in performance due to any act of God or force majeure, If affected by force majeure, the party so affected shall give notice to the other party hereto as

including the economic closure of the Hubinger plant. Jfr

promptly as possible of the nature and probable duration of such force majeure. If, because of force majeure, either party hereto is unable to carry out any of its obligations under the Agreement and this Schedule, then the obligations of such party shall be suspended to the extent made necessary by force majeure. The effect of any event of force majeure shall be eliminated, or reduced to the extent possible, by the party affected as promptly as possible.

9. Except as expressly modified by this Schedule No. 1, all terms and provisions of the Agreement shall remain in full force and effect.
10. This Schedule No. 1 may be executed by the parties hereto in any number of counterparts and all said counterparts taken together shall be deemed to constitute one and the same instrument.

ITEL RAILCAR CORPORATION

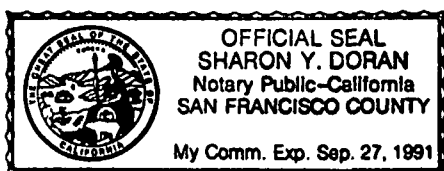
BY: *[Signature]*
 TITLE: President
 DATE: June 1, 1988

KNRECO, INC.

BY: *[Signature]*
 TITLE: President
 DATE: May 18, 1988

STATE OF CALIFORNIA)
) ss:
 COUNTY OF SAN FRANCISCO)

On this 1st day of June, 1988, before me personally appeared Desmond P. Hayes, to me personally known, who being by me duly sworn says that such person is President of Itel Railcar Corporation, that the foregoing Schedule No. 1 signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Sharon Y. Doran
 Notary Public

STATE OF Iowa)
) ss:
 COUNTY OF Lee)

On this 20th day of May, 1988, before me personally appeared John J. Warfield, to me personally known, who being by me duly sworn says that such person is President of KNRECO, INC., that the foregoing Schedule No. 1 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Janet Zeman
 Notary Public

EXHIBIT A

Itel Railcar Corporation ("Lessor") and KNRECO, INC. ("Lessee") agree that the following forty (40) Cars shall become subject to the terms of Schedule No. 1 dated May 18, 1988 to the Lease Agreement made as of May 18, 1988, between Lessor and Lessee.

KJRY 531	KJRY 566	KJRY 605	KJRY 631
KJRY 532	KJRY 571	KJRY 607	KJRY 632
KJRY 535	KJRY 574	KJRY 609	KJRY 633
KJRY 542	KJRY 579	KJRY 610	KJRY 634
KJRY 543	KJRY 580	KJRY 611	KJRY 635
KJRY 549	KJRY 583	KJRY 617	KJRY 637
KJRY 554	KJRY 585	KJRY 621	KJRY 638
KJRY 560	KJRY 591	KJRY 623	KJRY 639
KJRY 561	KJRY 603	KJRY 626	KJRY 642
KJRY 563	KJRY 604	KJRY 629	KJRY 646

ITEL RAILCAR CORPORATION

By: *[Signature]*
 Title: President
 Date: June 1, 1988

KNRECO, INC.

By: *[Signature]*
 Title: President
 Date: May 18, 1988

EXHIBIT B
Covered Hoppers

Running Repairs

Angle Cocks

Air Hose

Train Line

Operating Levers and Brackets

Sill Steps

Grab Irons

Brake Shoes

Brake Shoe Keys

Brake Connecting Pin

Brake Head Wear Plates

Air Brakes

Hand Brakes

Brake Beams

Truck Springs

Running Repairs Continued

Wheels

Yokes

Knuckles/Pins

Slack Adjuster

Couplers

Draft Gears

Coupler Carriers

Center Plates (Not Replacement)

Cotter Keys

Roller Bearing Adapters

Outlet Gate Repair
(Not Replacement)

Hatch Cover Repair
(Not Replacement)